The BID model: is it working?

LESSONS FROM THE PAST, IDEAS FOR THE FUTURE

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www.bidmodelgroup.com
Proposal for BIDs in Spain
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There aren’t any BIDs in Spain
We just have TCM schemes

Centros Comerciales Abiertos (CCA)
Private-sector-led and publicly funded organizations.
TCMs schemes in Spain

○ Since the late 90s
○ Inspired by UK TCMs
○ More than 400 in the country

Based in voluntary associations, with very few affiliated businesses and highly-dependent on public subsidies.
Narrow budgets – try to do their best
3 Problems of the TCM schemes

Budget, professionalism, challenges
Scarcity of money

**Free riders**
- Big stores
- Low affiliation rates (-30% associated)

**Public money**
- Decrease
- Economic crisis

**Lack of autonomy**
- Affected by political changes in Governments

👉 Lack of adequate, predictable and timely funding
Lack of professionalism

Voluntarism
- Low-cost managers
- Deficient performance

Improvisation
- A Business Plan in the mid-term is impossible
New challenges

- TCMs were created to address large out-of-town shopping centres.
- Now they have to deal with e-commerce
- Empty premises
- High rents
Are BIDs the solution?

Spanish TCMs need an evolution
There is a demand in Spain

We want BIDs

Involving:
- Politicians
- Governments
- Retail sector
But... Why don’t we have BIDs?

Lots of fears
Governments fears

- To be accused of increasing taxes
- To be accused of being too liberal or too interventionist

They are resistant to change and new policies.
Retailers association's fears

- To lose their jobs
- To reduce their powers (BID area could be smaller than TCM area)
- To pay more

They are used to being funded and afraid to take steps into the unknown...
Current legislation in Spain does not allow a compulsory BID levy. Enabling legislation is needed.
17 autonomous regions

A “federation without federalism”
The scope of powers varies for each Region, but all of them have the same parliamentary structure
Local Tax legislation is an exclusive power to the central government.
Only 2 Regions have constitutional powers to develop their own BID laws

The rest need an enabling Central State Law
Legislative reforms

1. CENTRAL STATE
   Enabling legislation: Reform of LOCAL FINANCE ACT

2. Autonomous Regions
   Model definition: BID ACT

3. Local Governments
   IMPLEMENTATION: Local Ordinances, BID agreements
Our proposal

An adaptation of different BID models to the Spanish reality
Main references

- German BID laws
- Business oriented British BIDs
Characteristics

1. BUSINESSES
   - Initiative to establish a new BID

2. BID’S APPROVAL: LOCAL AUTHORITY
   - Submission of BID proposal and Business Plan
   - Public scrutiny
   - No opposition of 33%
   - Agreement between BID and the local authority
Characteristics

3. MANAGEMENT
- private non-profit entity

4. ACTIONS AND SERVICES
- promoting local trading environment and urban regeneration
- additional services
Characteristics

5. BID LEVY

- Established by local Ordinance (previous enabling legislation)
- Payers: businesses
- Rateable value of business premises
- Collection: Billing authority
Characteristics

6. LIMITED TERM
   - 4 years

7. SUPERVISION OF BID’S ACTIVITIES
   - Local authority
Is it now or never?
Thanks!

Any questions?
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